

GROWING OLDER IN IRELAND

The impact of austerity on older people's experience of poverty

This booklet is produced to raise awareness about the lived experience of growing older in Ireland in 2014 and in particular the experience of poverty amongst older people. In preparing this booklet we spoke to our members in Cork, Dublin and Galway to understand the impact that austerity has had on their lives and on their wellbeing.

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INTRODUCTION

Older people's incidence of poverty as captured in official statistics has remained fairly static over the course of the recession. In part, this may be explained by the fact that the primary income source for older people, the state pension, has remained unchanged since 2009. But it is evident from our members that the lived experience of growing older has not remained stagnant. In fact, it is becoming equally difficult for older people to make ends meet.

The retention of the core rate of the state pension only tells one part of the story. The aim of this booklet is to illustrate the lived experience of growing older in Ireland and how changes in government policy have impacted on the lives of many older people. In particular, we focus on the impact that cuts introduced by the government have had on older people's experience of income adequacy, energy and food poverty, their access to health services and what our members refer to as 'emotional poverty'.

GROWING OLDER IN IRELAND

The last Census, taken in 2011, found that there were 535,393 people aged 65 years and over living in Ireland – accounting for just over 11% of the total population. The Central Statistics Office (CSO) notes that this age group has experienced the greatest growth since the 2006 Census¹.

The vast majority of older people, 94%, are living in private households with only 31,054 living in communal establishments. While many older people live with their spouse or other family members, over one-quarter of people over 65 live alone. Two-thirds of those living alone were women.

POVERTY AMONGST OLDER PEOPLE

Older people may face poverty because they are in receipt of pensions which are fixed incomes that may be unresponsive to the cost of living such as rises in the price of food, fuel and clothing; and to unexpected expenditure such as medical care.

It is almost two decades since the National Anti-Poverty Strategy (NAPS) was published and yet the definition of poverty used in this strategy is still relevant:

People are living in poverty, if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded from participating in activities which are considered the norm for other people in society².

The latest official poverty statistics³ indicate that in 2012 people aged 65 years and over have a lower - 'at risk' of poverty, deprivation and consistent poverty rate than the whole population.

	People aged 65 years and over	State
"At risk" of poverty	12.1%	16.5%
Deprivation	13.5%	26.9%
Consistent Poverty	2.6%	7.7%

Source: CSO (2014) Survey on Income and Living Conditions (SILC) Dublin: CSO

'at risk' of poverty - refers to when household income amounts to less than 60% of the median.

Deprivation - relates to the inability to purchase goods and services considered the norm in society. A list of 11 deprivation indicators has been developed.

Consistent poverty - looks at those 'at risk' of poverty and unable to afford two of the 11 items on the deprivation list.

While the statistics indicate that a small proportion of the older population is in poverty, Age Action members consistently tell us that they are being forced to make a choice between food, fuel and medicine due to cutbacks in public expenditure and the introduction of additional charges (e.g. property tax).

Some reasons for the low proportion of older people appearing in poverty statistics include older people's over-reliance on state transfers, which is indicative of their low incomes. This can lead to them being clustered around the poverty line with 'a sharp cut-off' placing many 'above or below on the basis of no more than a cent' in the difference in their income⁴.

THE IMPACT OF DEMOGRAPHICS ON OLDER PEOPLE'S EXPERIENCE OF POVERTY

Gender, household composition, the impact of illness or acquired disability and living in a rural or urban area can impact on older people's likelihood of experiencing poverty.

» Older women may have a lower income in old age than older men because they have had lower pay and lower pension contributions when in the workforce – often as a result of taking time out to care for young children. For instance, in relation to recipients of the state contributory pension, only 35% are women. This is despite the Census indicating that they comprise 54% of the population over 64 years. Similarly occupational pension coverage is lower amongst women.



» Those living alone often face similar energy and housing costs as those living with other adults. Work from the Vincentian Partnership for Social Justice has shown that households containing a pensioner living alone have an inadequate income in terms of achieving a minimum essential standard of living. The majority of those living alone are women.

» Older people with disabilities such as strokes and dementia may face higher care costs and may also be deprived of control over their finances. Census 2011 illustrates that the rate of disability amongst those aged between 60 and 64 years is 22.3% with a continuous and steady increase in older cohorts. One study⁵ published in 2008 indicated that the cost of disability for pensioners equated to almost a quarter of their income.

» Geography also has an impact. Being able to access urban centres with lower prices for food and other essentials can be challenging for many older people. The Vincentian Partnership found in their comparison of a rural and urban Minimum Income Standard (MIS) found that those living alone in rural areas had a weekly income deficit of €105.73 versus €2.75 for those in urban areas⁶.

But most critically many older people do not just tick one of these demographic boxes. For those women who live alone or men who live with a disability in a rural area or any range of a combination of these factors it can mean they suffer even further disadvantage and challenges in making ends meet.

INCREASES IN PRICES

The Consumer Price Index (CPI) provides an indication of how much prices have risen over a time span. The Vincentian Partnership has undertaken extensive work on a methodology which 'establishes the expenditure required by specific household types to maintain a Minimum Essential Standard of Living (MESL)⁷'. In 2013, a comparison between the increase in CPI and the cost of a Minimum Essential Standard of Living between 2008 and 2013 was undertaken. The comparison showed that while the difference in CPI was -0.15% the costs for those pensioners living alone rose by 5.03% and for pensioner couples by 7.34%.

Percentage change in the cost of a Minimum Essential Standard of Living 2008-2013 – Vincentian Partnership for Social Justice

	2008	2009	2010	2011	2012	2013
CPI	100%	97.40%	94.38%	97.21%	99.35%	99.85%
Lone Pensioner	100%	103.59%	96.72%	99.26%	102.54%	105.03%
Pensioner Couple	100%	103.61%	97.76%	100.98%	104.44%	107.34%

Source: VPSJ (2013) *Changes in the cost of a MESL in comparison to CPI inflation*

INCOME SUPPORTS

State transfers play a huge role in protecting older people from poverty, as they rely heavily on these as their main source of income. The retention of the core rate of the state pensions is often lauded by politicians as having protected older people from the brunt of the recession. While it is true the core rate of the pension has been retained, decreases in secondary income supports, along with the introduction of various stealth charges and increases in essential living costs have seen the incomes of older people decimated.

JANUARY 2009		JANUARY 2014	
Income	Weekly	Income	Weekly
State Pension	€230.30	State Pension	No Change
Household Benefits Package		Household Benefits Package	
Telephone Allowance	€6.00	Telephone Allowance	-
TV Licence	€3.08	TV Licence	€3.08
Electricity	€9.63	Electricity	€8.07
Fuel Allowance	€12.31	Fuel Allowance	€10.00
Total	€31.02	Total	€21.15
Difference		-€9.87	

Note: i Figures calculated for the Household Benefit package are taken from the VPSJ Income scenarios for 2009.

As illustrated in the table the real value of the Household Benefits Package fell by €9.87 from January 2009 until January 2014. With no increase in the core social welfare rate along with increases in CPI maintaining a balanced budget is increasingly difficult.

For those living alone, the Living Alone Allowance has also remained unchanged since 1996.

A number of stealth charges have also been introduced. The property tax in particular has impacted older people as many own their own homes.

A tax of €250 equates to another €4.80 per week taken from an older person's fixed income. For those on medical cards the nominal charge of 50c per prescription has risen by 500% to €2.50. Finally, in January 2015 the first bill for water charges will arrive and this will further eat into older people's already stretched income.

"I am absolutely terrified of what charge will be introduced next"

"Getting older means I cannot do a lot of daily tasks like mowing the grass or washing the windows. Now I have to pay for these jobs that I used to be able to do myself."

"We are extra careful now with our money. We try to save on electricity by only turning on lights in the rooms we are in. We save on the heat but often this means my wife stays in bed late or goes to bed early"

“I have lost my medical card. I now have a doctor only card. My pension has not changed but I have some interest on money I saved for a rainy day and this brought my income over the rate. I realise now I was foolish to save any money”

“Increases in costs and the introduction of new charges are doing away with our freedoms more and more”

THE IMPACT OF AUSTERITY

A discussion with a group of older people on the impact of austerity on their incomes revealed that there were not just consequences for their savings but for their mental health and wellbeing as well. People spoke about the fear and terror of what will ‘come through the letterbox next’. The fear of getting sick was also discussed. They described the imposition of cutbacks and new charges as ‘euthanasia by stealth’.

There was also anger amongst the group. Some people spoke about being carers for their close family members in the past. They received little or no support in relation to this role. One person noted that they calculated that they saved the state €4.5m by caring for their family in their home over 26 years. But in return they have been penalized through the imposition of austerity measures.

FOOD POVERTY

Food poverty is defined as the inability to afford or have reasonable access to food which provides a healthy diet. A number of issues are identified as contributing to food poverty⁸. Of particular relevance to older people is the issue of accessibility whereby there can be a lack of transport to a shop combined with being unable to lift and carry shopping. The financial constraints of depending on fixed and often low incomes also contribute to this. The availability of healthier food options such as fruit and vegetables in local shops is also problematic. The location of large convenience stores or supermarkets is invariably based away from residential areas and often on the outskirts of towns. Affordability also plays a role and due to the flexible nature of this expense, other expenses often take priority (e.g. fuel and medication). Value offers in supermarkets are often targeted towards larger households meaning many older people living alone lose out.

ENERGY POVERTY

Energy poverty refers to the inability to heat one's home to a comfortable standard. The World Health Organisation assesses this affordability as having to spend more than 10% of household income on fuel in order to achieve temperatures of at least 21C in living areas and 18C in all other areas⁹.

Older people are one of the groups most at risk of energy poverty with an increased vulnerability to health and social harm as a consequence. Furthermore, prevalence is more common amongst older people as they tend to spend more time at home.

A number of additional factors have been identified¹⁰ as contributing to the experience of energy poverty amongst older people:

- Poor housing conditions and living in energy inefficient homes – older people tend to live in older homes and have higher levels of owner occupancy
- The rising cost of fuel
- The high dependence of older people on social transfers as a safeguard against poverty
- A high proportion who do not have central heating
- Their high dependence on dirtier fuels such as oil

A number of groups of older people are particularly identified¹¹ as being vulnerable to energy poverty including, people aged 80 years and over, older people with a disability / chronic illness and older women. Furthermore, prevalence is more common amongst older people as they tend to spend more time at home.

In winter many older people may face high fuel bills; some may face a choice between heating their homes and eating and cooking.

**“On very cold
winter afternoons
I go to bed with a
hot water bottle”**

HEALTH

Restrictions in mobility have implications not only for older people's social participation, but also the extra financial burden associated with chronic disease and disability. Almost half of older people experience some restriction in mobility and those aged 75 and over, 22% were 'strongly limited'¹². However, the financial burden of health has been greatly increased during the course of the recession.

The removal of automatic entitlement to medical cards in 2010 and the reduction in threshold in the income threshold to qualify for a medical card over the last four years has resulted in 40% of those over 65 now having to pay for their medication.

Over the same period, the threshold for the drug payment scheme has also increased from €100 to €144 per month, meaning that older people without medical cards must now pay €44 more before reaching the monthly ceiling for the drug payment scheme.

The prescription levy has gone from 50c per item, capped at €10 per couple/family to €2.50 per item, capped at €25 per couple/family in the last 4 years. This represents a 500% increase.

	November 2008	June 2014
People 70 and over with a Medical Card	353,432	336,826
People 70 and over with a GP Visit Card	377	10,660

Other costs older people without medical cards are liable for include services like chiropody, blood tests, therapies (physiotherapy, occupational, cognitive stimulation), access to aids and appliances which are all essential for older people's well-being.

Some people contribute most of their gross weekly income to residential care home fees and may still have to pay for medical care and medication for themselves or their partner.

With a high percentage of older people living alone, and increasing geographic dispersion of adult children, an increasing number of older people experiencing difficulty carrying out activities of daily living will have to pay for personal housekeeping assistance.

Cuts to Community Care			
Home Help	2010	2012	2013
Number of Hours	11.68m	9.9m	9.7m
Number of Recipients	54,500	50,000	50,000

Source: Health Service National Service Plan 2014 (2013). Alex White's reply to Dail question 2013

In 2014 the HSE will provide 1.7 million fewer hours of home help than they provided in 2010.

The Irish Longitudinal Study on Ageing (TILDA) found that only 3.5% of people over 50 receiving state provided home help services. Of those with both ADL (activities of daily living) and IADL (instrumental activities of daily living) impairments, 12% do not receive formal or informal help¹³.

But there are also many hidden health situations that older people are experiencing that are not captured in published statistics. For instance, we do not know how many older people must now find the money to pay for a taxi fare to hospital due to cuts in free transport. In our discussion with members, one individual spoke about needing access to a health service or medical aid. Referring to waiting lists they exclaimed 'you couldn't be waiting you have to go out and pay for it'.

CASE STUDY

A member of Age Action in her late 70s told us about losing her medical card.

“I first got the medical card when I was 70. It allowed me to go to my doctor without having to pay so I didn't have to worry about forking out €40 or €50. If I thought that there was something wrong I could go...so it meant I would deal with my health issues before they became worse. I am in fairly good health but there were a couple of things that I got because I had the medical card. I developed bunions on my feet and it pushed in my toe so I went to the orthopaedic clinic and they gave me a sort of a boot that was covered by the card.

Then various changes came in and earlier this year I got a letter in the post – the tone was very bad, very much telling you what would happen if you didn't tell the truth about your means. I was able to get all the details but I thought that for anyone in their 80s or 90s it was very frightening. Then I got a card with DV only – doctor visit only – on it. A lot of people who lost the full card went to politicians to get sorted, but I think this is wrong. Then I got another letter about applying again for the full card so off I went back to the bank, back to wherever, I was the whole summer filling in forms! I have written them a long letter and I think it will work.

Really the medical card gives people confidence and security. But not the doctor visit card, like if I had an emergency I would have to pay €100 in A&E. I live alone and if I had to get home help I wouldn't be able to afford it. I have lived and worked and held down a very responsible job and paid taxes of 48p in the pound and in my 70s I am being victimised for living life responsibly”

EMOTIONAL POVERTY AND ISOLATION

Dealing with old age is not solely about the issue of having the resources to pay for items of basic living, but is often as much about having the requisite supports to function independently and participate in the community. In conversation with one group of older people, who actively participate in Age Action's policy and research work, concern was expressed about emotional poverty amongst older people. The issue of isolation, particularly in rural areas was discussed and the impact that this has on older people's wellbeing.

The use of the telephone to stay connected to family friends can tackle isolation in some small way. However, the abolition of the telephone allowance will further isolate some older people.

The impact that loneliness can have on older people should not be underestimated. Not only does it does it impact on mental wellbeing but it can increase the incidence of hypertension even result in death¹⁴.

'I miss the telephone allowance. I have a son in Singapore and a daughter in Australia because of the recession. Have to cut down on contact calls'

'The loss of the telephone line rental allowance was not good. We are very reliant on our main telephone (land-line) as most of our family live in the U.K.'

ENSURING THAT WE ALL ARE PROTECTED FROM POVERTY AND EXCLUSION IN OLD AGE

Experience of poverty amongst the older population is not unique to Ireland. The UN is currently discussing whether there should be a dedicated International Convention on the Rights of Older People. A Convention on the Rights of Older People could include a specific right to social security, a right to health and right to an adequate standard of living for older people and how each right applies to older people. It would also explain how states are obliged to protect these rights for their older populations.

Age Action is advocating that the Irish government support a new Convention to protect the rights of older people.

In discussions with our members it is clear that any entitlements they fight for are not just for themselves but for future generations.

‘When I fight for my entitlements I am doing it for the younger ones too. They’ll be old someday’

“We don’t just want a good standard of living for ourselves. We want it for those coming behind us. You know for our children who are in their middle ages now. We don’t just want it for us”

NOTES

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